

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name ZEELAND CHARTER TOWNSHIP	County OTTAWA
Audit Date 12/31/04	Opinion Date 3/8/05	Date Accountant Report Submitted to State: 6/22/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) FERRIS, BUSSCHER & ZWIERS, P.C.			
Street Address 675 E. 16TH STREET, SUITE 100	City HOLLAND	State MI	ZIP 49423
Accountant Signature 		Date 6/22/05	

ZEELAND CHARTER TOWNSHIP

OTTAWA COUNTY, MICHIGAN

FINANCIAL STATEMENTS

DECEMBER 31, 2004

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March 8, 2005

Township Board
Zeeland Charter Township
Ottawa County, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of Zeeland Charter Township, Ottawa County, Michigan as of and for the year ended December 31, 2004, as listed in the index. These basic financial statements are the responsibility of the management of Zeeland Charter Township, Ottawa County, Michigan. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of Zeeland Charter Township, Ottawa County, Michigan as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11, Zeeland Charter Township, Ottawa County, Michigan adopted the provisions of Governmental Accounting Standards Board Statements Nos. 33, 34, 36, 37, 38, 41 and GASB Interpretation 6 as of and for the year ended December 31, 2004. This results in a change to Zeeland Charter Township, Ottawa County, Michigan's method of accounting for certain nonexchange revenues and in the format and content of the basic financial statements.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Management has elected to omit the Management's Discussion and Analysis from the required supplementary information.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statements listed in the index are presented for purpose of additional analysis and are not a required part of the basic financial statements of Zeeland Charter Township, Ottawa County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Ferris, Busscher & Zwiars
FERRIS, BUSSCHER & ZWIERS, P.C.
Certified Public Accountants
Holland, Michigan

BASIC FINANCIAL STATEMENTS

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Primary <u>Government</u>
	Governmental <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 6,732,204
Receivables, net	2,427,624
Prepays and other assets	30,600
Capital assets	
Land	667,186
Construction in progress	1,732,548
Other capital assets, net of depreciation	2,131,910
Unamortized bond discount	29,690
Unamortized issuance costs	<u>46,222</u>
 TOTAL ASSETS	 <u>\$ 13,797,984</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 824,326
Long-term liabilities	
Due in less than one year	475,000
Due in more than one year	<u>8,850,000</u>
 TOTAL LIABILITIES	 <u>\$ 10,149,326</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 1,731,644
Restricted for	
Public Safety	56,852
Public Works	3,239,047
Debt Service	463,390
Unrestricted	<u>(1,842,275)</u>
 TOTAL NET ASSETS	 <u>\$ 3,648,658</u>

See notes to financial statements

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating</u>
PRIMARY GOVERNMENT		<u>Services</u>	<u>Grants and</u>
Governmental activities			<u>Contributions</u>
Legislative	\$ 91,387	\$ -	\$ -
General government	352,883	3,425	-
Public safety	675,560	204,489	-
Public works	908,853	25,185	-
Parks and recreation	48,115	-	-
Interest on long-term debt	<u>400,956</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 2,477,754</u>	<u>\$ 233,099</u>	<u>\$ -</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,477,754</u>	<u>\$ 233,099</u>	<u>\$ -</u>
General revenues			
Taxes			
Property taxes, levied for general purposes			
Property taxes, levied for public works			
Property taxes, levied for roads			
Property taxes, levied for public safety			
State shared revenues			
Unrestricted investment income			
Miscellaneous			
Total general revenues			
CHANGE IN NET ASSETS			
NET ASSETS - JANUARY 1, 2004			
NET ASSETS - DECEMBER 31, 2004			

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue Governmental Activities</u>
\$ -	\$ (91,387)
-	(349,458)
-	(471,071)
605,493	(278,175)
12,452	(35,663)
-	<u>(400,956)</u>
<u>\$ 617,945</u>	<u>\$ (1,626,710)</u>
<u>\$ 617,945</u>	<u>\$ (1,626,710)</u>

\$ 855,681
 308,575
 488,119
 367,623
 545,466
 150,730
368,719

\$ 3,084,913

\$ 1,458,203

2,190,455

\$ 3,648,658

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General</u>	<u>Fire</u>	<u>Road</u>
ASSETS			
Cash and investments			
Designated	\$ -	\$ 6,403	\$ -
Unreserved	2,621,165	140,053	323,841
Accounts receivable	40,639	-	-
Grants receivable	18,057	-	-
Assessments receivable	-	-	-
Interest receivable	6,162	-	-
Due from other funds	106,505	42,291	56,152
Due from other governmental entities	90,405	-	-
Prepaid insurance	<u>19,805</u>	<u>10,795</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,902,738</u>	<u>\$ 199,542</u>	<u>\$ 379,993</u>
LIABILITIES			
Bank overdraft	\$ -	\$ -	\$ -
Accounts payable	66,727	12,051	123,671
Deferred revenue	221,228	92,999	123,481
Due to other funds	-	-	-
Due to other governmental entities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 287,955</u>	<u>\$ 105,050</u>	<u>\$ 247,152</u>
FUND BALANCES			
Designated			
Street lighting	\$ 3,879	\$ -	\$ -
Fire equipment	300,486	6,403	-
Unreserved-reported in:			
General Fund	2,310,418	-	-
Special Revenue Funds	-	88,089	132,841
Debt Service Funds	-	-	-
Capital Projects Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>\$ 2,614,783</u>	<u>\$ 94,492</u>	<u>\$ 132,841</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,902,738</u>	<u>\$ 199,542</u>	<u>\$ 379,993</u>

See notes to financial statements

<u>Sewer Capital Improvements</u>	<u>Adams Street Sewer Improvements</u>	<u>Sewer Extension Bond</u>	<u>D/V Sewer Bond</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,403
1,749,765	-	1,253,053	83,889	358,880	6,530,646
-	-	-	-	-	40,639
-	-	-	-	-	18,057
-	-	181,276	243,255	273,985	698,516
3,715	-	3,812	-	881	14,570
50,990	-	-	711	154,352	411,001
-	1,468,138	-	-	-	1,558,543
-	-	-	-	-	30,600
<u>\$ 1,804,470</u>	<u>\$ 1,468,138</u>	<u>\$ 1,438,141</u>	<u>\$ 327,855</u>	<u>\$ 788,098</u>	<u>\$ 9,308,975</u>
\$ -	\$ -	\$ -	\$ -	\$ 46,211	\$ 46,211
2,002	21,625	-	-	10,045	236,121
78,061	-	181,276	243,255	273,985	1,214,285
-	153,139	16,492	-	-	169,631
-	-	-	-	6,391	6,391
<u>\$ 80,063</u>	<u>\$ 174,764</u>	<u>\$ 197,768</u>	<u>\$ 243,255</u>	<u>\$ 336,632</u>	<u>\$ 1,672,639</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,879
-	-	-	-	-	306,889
-	-	-	-	-	2,310,418
-	-	-	-	-	220,930
-	-	1,240,373	84,600	130,913	1,455,886
1,724,407	1,293,374	-	-	320,553	3,338,334
<u>\$ 1,724,407</u>	<u>\$ 1,293,374</u>	<u>\$ 1,240,373</u>	<u>\$ 84,600</u>	<u>\$ 451,466</u>	<u>\$ 7,636,336</u>
<u>\$ 1,804,470</u>	<u>\$ 1,468,138</u>	<u>\$ 1,438,141</u>	<u>\$ 327,855</u>	<u>\$ 788,098</u>	<u>\$ 9,308,975</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Fund balances - Total governmental funds	\$ 7,636,336
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - Capital assets	5,378,485
Deduct - Accumulated depreciation	(846,841)

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Add - Bond issuance costs	47,450
Deduct - Accumulated amortization	(1,228)
Add - Bond discount	30,478
Deduct - Accumulated amortization	(788)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - Bonds payable	(9,325,000)
Deduct - Accrued interest on long-term debt	(66,029)

Tax, special assessment, or other revenues unearned or unavailable in < 60 days for expenditures reported in fund statements.

Add - Receivables	97,278
Add - Deferred revenue	<u>698,517</u>

Net assets of governmental activities	<u>\$ 3,648,658</u>
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ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Fire</u>	<u>Road</u>
REVENUES			
Taxes and special assessments	\$ 853,464	\$ 367,623	\$ 488,119
Licenses and permits	508,257	-	-
Intergovernmental revenue	541,946	-	-
Charges for services	22,783	-	2,217
Grant revenue	12,452	-	-
Investment income	44,402	1,560	5,304
Other revenue	<u>5,414</u>	<u>36,080</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 1,988,718</u>	<u>\$ 405,263</u>	<u>\$ 495,640</u>
EXPENDITURES			
Legislative	\$ 91,387	\$ -	\$ -
General government	327,882	-	-
Public safety	352,787	239,001	-
Public works	131,359	-	665,850
Parks and recreation	45,000	-	-
Debt service			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Capital outlay	<u>216,608</u>	<u>449,879</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,165,023</u>	<u>\$ 688,880</u>	<u>\$ 665,850</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 823,695</u>	<u>\$ (283,617)</u>	<u>\$ (170,210)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ -	\$ 150,000
Transfers out	(348,000)	-	-
Bond proceeds	-	-	-
Bond discount	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (348,000)</u>	<u>\$ -</u>	<u>\$ 150,000</u>

See notes to financial statements

<u>Sewer Capital Improvements</u>	<u>Adams Street Sewer Improvements</u>	<u>Sewer Extension Bond</u>	<u>D/V Sewer Bond</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ 308,575	\$ -	\$ 93,078	\$ 57,070	\$ 483,053	\$ 2,650,982
-	-	-	-	-	508,257
-	-	-	-	-	541,946
-	-	-	-	25,185	50,185
-	-	-	-	-	12,452
19,158	13,272	29,275	7,594	30,165	150,730
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,100</u>	<u>45,594</u>
<u>\$ 327,733</u>	<u>\$ 13,272</u>	<u>\$ 122,353</u>	<u>\$ 64,664</u>	<u>\$ 542,503</u>	<u>\$ 3,960,146</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,387
-	-	-	-	-	327,882
-	-	-	-	-	591,788
1,282	47,450	-	-	77,282	923,223
-	-	-	-	-	45,000
-	-	85,000	110,000	390,000	585,000
-	-	17,450	15,900	358,677	392,027
<u>35,269</u>	<u>1,658,943</u>	<u>-</u>	<u>-</u>	<u>38,335</u>	<u>2,399,034</u>
<u>\$ 36,551</u>	<u>\$ 1,706,393</u>	<u>\$ 102,450</u>	<u>\$ 125,900</u>	<u>\$ 864,294</u>	<u>\$ 5,355,341</u>
<u>\$ 291,182</u>	<u>\$ (1,693,121)</u>	<u>\$ 19,903</u>	<u>\$ (61,236)</u>	<u>\$ (321,791)</u>	<u>\$ (1,395,195)</u>
\$ 23,027	\$ -	\$ -	\$ -	\$ 398,525	\$ 571,552
-	(23,027)	-	-	(200,525)	(571,552)
-	3,040,000	-	-	-	3,040,000
<u>-</u>	<u>(30,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,478)</u>
<u>\$ 23,027</u>	<u>\$ 2,986,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,000</u>	<u>\$ 3,009,522</u>

ZEELAND CHARTER TOWNSHIP
 OTTAWA COUNTY, MICHIGAN
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 (CONTINUED)
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Fire</u>	<u>Road</u>
NET CHANGE IN FUND BALANCES	\$ 475,695	\$ (283,617)	\$ (20,210)
FUND BALANCES - JANUARY 1, 2004	<u>2,139,088</u>	<u>378,109</u>	<u>153,051</u>
FUND BALANCES - DECEMBER 31, 2004	<u>\$ 2,614,783</u>	<u>\$ 94,492</u>	<u>\$ 132,841</u>

<u>Sewer Capital Improvements</u>	<u>Adams Street Sewer Improvements</u>	<u>Sewer Extension Bond</u>	<u>D/V Sewer Bond</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ 314,209	\$ 1,293,374	\$ 19,903	\$ (61,236)	\$ (123,791)	\$ 1,614,327
<u>1,410,198</u>	<u>-</u>	<u>1,220,470</u>	<u>145,836</u>	<u>575,257</u>	<u>6,022,009</u>
<u>\$ 1,724,407</u>	<u>\$ 1,293,374</u>	<u>\$ 1,240,373</u>	<u>\$ 84,600</u>	<u>\$ 451,466</u>	<u>\$ 7,636,336</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2004

Net change in fund balances - Total governmental funds	\$ 1,614,327
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital outlay	2,399,034
Deduct - Depreciation expense	(144,966)

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.

Add - Principal payments on long-term liabilities	585,000
Add - Bond issuance costs	47,450
Add - Bond discount	30,478
Deduct - Proceeds of long-term debt	(3,040,000)

Tax, special assessment, or other revenues unearned or unavailable in < 60 days for expenditures reported in fund statements.	(24,187)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - Change in accrued interest on long-term debt	(6,917)
Deduct - Amortization of current year bond issuance costs	(1,228)
Deduct - Amortization of current year bond discount	<u>(788)</u>

Change in net assets of governmental activities	<u>\$ 1,458,203</u>
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ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
DECEMBER 31, 2004

	Property Tax <u>Collection</u>
ASSETS	
Cash	\$ 322,744
Receivables, net	<u>25,809</u>
TOTAL ASSETS	<u>\$ 348,553</u>
LIABILITIES	
Due to other governments	<u>\$ 348,553</u>
TOTAL LIABILITIES	<u>\$ 348,553</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The Township was chartered in 1984 and covers an area of approximately 34 1/2 square miles. The Township operates under an elected Board of Trustees (seven members) and provides services to its more than 7,600 residents in many areas including fire protection, community enrichment and development and human services. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Township does not have any proprietary funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT
PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. State shared revenue, franchise fees, impact fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Township's property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Zeeland Charter Township as of the preceding December 31st. The Township's 2003 ad valorem tax is levied and collectible on December 1, 2003, and it is the Township's policy to recognize revenue from the current tax levy in the subsequent year ended December 31, 2004.

The 2003 taxable valuation of the Township totaled \$247,718,902, on which ad valorem taxes levied consisted of 3.4 mills for the Township's operating purposes, 1.4575 mills for fire services, 1.9352 mills for roads, and 1.2234 mills for utilities. The 2003 taxable valuation of the Township's Industrial Facilities Tax roll totaled \$9,418,600, on which ad valorem taxes levied consisted of 1.7 mills for the Township's operating purposes, .9676 mills for fire services, .7288 mills for roads, and .6117 mills for utilities. These taxes raised \$848,468 for operating, \$367,623 for fire services, \$488,119 for roads, and \$308,575 for utilities. These amounts are recognized in the respective General, Special Revenue, and Capital Projects Fund financial statements as tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the financial resources used in the operation of the fire stations, including compensation, equipment, and supplies.

The Road Fund accounts for the financial resources used for the construction and dust control of roads within the Township.

Sewer Extension Bond and Drenthe Vriesland Sewer Bond Funds account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

Sewer Capital Improvements Fund accounts for the financial resources used for the general improvements to the sewer system within the Township.

Adams Street Sewer Improvements Fund accounts for the financial resources, including bond proceeds, used for the construction of additional sewer lines along Adams Street in the Township.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the Township reports the following fund types:

Debt Service Funds account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs

Capital Project Fund account for the financial resources for the construction of general water system improvements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and conditions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g., sewer and water mains) are reported in governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township is considered a phase 3 government for implementation of GASB 34, therefore has not retroactively capitalized infrastructure.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Land improvements	15 to 30 years
Water and sewer lines	50 to 75 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Machinery and equipment	3 to 20 years

Deferred Revenue – Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Long-Term Obligations – In the government-wide financial statements and in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported gross on the statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restricted Net Assets – The Township's policy is to first apply restricted resources when an expense is incurred for which restricted and unrestricted net assets are available.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the Township is the department level.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>	<u>Variance (Over)</u>
General Fund			
Legislative			
Township board	\$ 81,800	\$ 82,466	\$ (666)
General government			
Assessor	36,180	36,236	(56)
General office	57,200	57,499	(299)
Township hall and grounds	37,200	37,658	(458)
Public Safety			
Police protection	112,871	113,202	(331)
Fire protection	55,010	55,373	(363)
Planning commission	32,316	38,634	(6,318)
Public Works			
Street lighting	21,600	22,398	(798)
Water and sewer engineering	74,872	90,797	(15,925)
Parks and Recreation			
Capital outlay	17,084	25,633	(8,549)
Special Revenue Funds			
Fire Fund	377,223	688,880	(311,657)
Road Fund	639,349	665,850	(26,501)

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Sections 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated four banks for the deposit of Township funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997 has authorized investments in bonds and securities of the United States government and bank accounts and CD's, but not the remainder of State Statutory authority as listed above. The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 4,664,684	\$ 322,744	\$ 4,987,428
Investments	<u>2,067,520</u>	<u>-</u>	<u>2,067,520</u>
Total	<u>\$ 6,732,204</u>	<u>\$ 322,744</u>	<u>\$ 7,054,948</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank deposits (checking and savings accounts, certificate of deposits)	\$ 6,205,426
Investments in securities, mutual funds and similar vehicles	<u>849,522</u>
Total	<u>\$ 7,054,948</u>

The bank balance of the primary government's deposits is \$6,810,255, of which \$400,000 is covered by federal depository insurance and \$6,410,255 is uninsured and uncollateralized.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the Township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

At year-end, the Township's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government				
U.S. Government Securities	<u>\$ 849,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,522</u>
Total primary government	<u>\$ 849,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,522</u>

NOTE 4 – RECEIVABLES

Receivables as of year-end for the Township's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Sewer Capital Improv.	Adams St. Sewer Improv.	Sewer Extension	D/V Sewer Bond	Non-Major and Other Funds	Total
Special assessments	\$ -	\$ -	\$ -	\$ 181,276	\$ 243,255	\$ 273,985	\$ 698,516
Accounts	40,639	-	-	-	-	-	40,639
Intergovernmental	90,405	-	1,468,138	-	-	-	1,558,543
Grants	18,057	-	-	-	-	-	18,057
Interest and other	6,162	3,715	-	3,812	-	881	14,570
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 155,263</u>	<u>\$ 3,715</u>	<u>\$ 1,468,138</u>	<u>\$ 185,088</u>	<u>\$ 243,255</u>	<u>\$ 274,866</u>	<u>\$ 2,330,325</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 698,516	\$ -
Tax revenue	<u>-</u>	<u>515,769</u>
Total	<u>\$ 698,516</u>	<u>\$ 515,769</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 667,186	\$ -	\$ -	\$ 667,186
Construction in progress	<u>-</u>	<u>1,732,548</u>	<u>-</u>	<u>1,732,548</u>
Subtotal	<u>\$ 667,186</u>	<u>\$ 1,732,548</u>	<u>\$ -</u>	<u>\$ 2,399,734</u>
Capital assets being depreciated				
Buildings	\$ 883,168	\$ 45,782	\$ -	\$ 928,950
Improvements other than buildings	422,664	125,826	-	548,490
Machinery and equipment	<u>1,006,432</u>	<u>494,878</u>	<u>-</u>	<u>1,501,310</u>
Subtotal	<u>\$ 2,312,264</u>	<u>\$ 666,486</u>	<u>\$ -</u>	<u>\$ 2,978,750</u>
Less accumulated depreciation for				
Buildings	\$ 241,126	\$ 25,446	\$ -	\$ 266,572
Improvements other than buildings	44,099	36,194	-	80,293
Machinery and equipment	<u>416,649</u>	<u>83,326</u>	<u>-</u>	<u>499,975</u>
Subtotal	<u>\$ 701,874</u>	<u>\$ 144,966</u>	<u>\$ -</u>	<u>\$ 846,840</u>
Net capital assets being depreciated	<u>\$ 1,610,390</u>	<u>\$ 521,520</u>	<u>\$ -</u>	<u>\$ 2,131,910</u>
Total capital assets – net of depreciation	<u>\$ 2,277,576</u>	<u>\$ 2,254,068</u>	<u>\$ -</u>	<u>\$ 4,531,644</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 25,001
Public works	33,079
Parks and recreation	3,115
Public safety	<u>83,771</u>
Total governmental activities	<u>\$ 144,966</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 5 – CAPITAL ASSETS (CONTINUED)

<u>Construction Commitments</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Line Construction	\$ 38,336	\$ 360,000
Sewer Line Construction	<u>1,694,212</u>	<u>2,358,950</u>
Total	<u>\$ 1,732,548</u>	<u>\$ 2,718,950</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Major funds:			
General	\$ 106,505	Trust and Agency	\$ 241,370
Fire	42,291	Major funds:	
Road	56,152	Adams Street Sewer Improvements	153,139
Sewer Capital Improvements	50,990	Sewer Extension Bond	<u>16,492</u>
D/V Sewer Bond	711		
Non-major funds:	<u>154,352</u>		
	<u>\$ 411,001</u>		<u>\$ 411,001</u>

Interfund transfers

	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
Major fund:		
General	\$ -	\$(348,000)
Road	150,000	-
Adams Street Sewer Improvements	-	(23,027)
Sewer Capital Improvements	23,027	-
Non-major funds:	<u>398,525</u>	<u>(200,525)</u>
	<u>\$ 571,552</u>	<u>\$(571,552)</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 7 – LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax, sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds							
Water Ottogan Bond	5.1-7.1%	2009	\$ 350,000	\$ -	\$ (40,000)	\$ 310,000	\$ 45,000
D/V Water Bond	5.55-5.7%	2019	5,320,000	-	(110,000)	5,210,000	120,000
Sewer Extension Bond	3.7-4.35%	2008	405,000	-	(85,000)	320,000	85,000
D/V Sewer Bond	2.0%	2010	795,000	-	(110,000)	685,000	110,000
Adams Street Sewer Bond	2.0-5.0%	2023	-	3,040,000	(240,000)	2,800,000	115,000
Total governmental activities			<u>\$ 6,870,000</u>	<u>\$ 3,040,000</u>	<u>\$ (585,000)</u>	<u>\$ 9,325,000</u>	<u>\$ 475,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 475,000	\$ 445,794
2006	580,000	428,724
2007	595,000	408,059
2008	890,000	385,424
2009	515,000	352,111
2010-2014	2,365,000	1,422,616
2015-2019	3,045,000	726,524
2020-2023	<u>860,000</u>	<u>107,175</u>
Total	<u>\$9,325,000</u>	<u>\$4,276,427</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance to cover all risks of losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 – COMMITMENTS

The Township has a joint water system contract with Jamestown Charter Township for the acquisition, construction, and operation of a joint water system which shall include a 48th Avenue Water Main. The project will be split 50/50 between the municipalities, which the obligation to the Township approximates \$76,000. The terms of the agreement will be payment in cash by the Township at the completion of the project, which is expected in 2005.

The Township has a grant proposal with the Department of Natural Resources to acquire land adjacent to the Drenthe Grove Park. The estimated grant is \$78,500 towards the land purchase in 2005.

NOTE 10 – CONTINGENCIES

The Township is currently under litigation with two individuals relating to a claim of appeal from a Zoning Board of Appeals decision made by the Township. The matter was returned to court for further consideration and to attempt to reach a settlement. There are no monetary damages claimed against the Township and is not likely to have a financial impact on the Township.

Zeeland Charter Township has entered into a contract providing for the acquisition, construction and financing of improvements to the Wyoming Water Supply System. The full faith and credit of Zeeland Charter Township have been pledged in the contract for making payments to Ottawa County, the issuer of the bonds, in amounts equal to 2.62% of the principal amount of the bonds actually issued and the interest thereon. The total principal amount of the bonds issued by Ottawa County was \$3,735,000.

Zeeland Charter Township has entered into a contract providing for the acquisition, construction and financing of improvements to the City of Holland Waste Water Treatment Plant. The full faith and credit of Zeeland Charter Township have been pledged in the contract for making payments to Ottawa County, the issuer of the bonds, in amounts equal to 1.24% of the principal amount of the bonds actually issued and the interest thereon. The total principal amount of the bonds issued by Ottawa County was \$11,900,000.

Zeeland Charter Township has entered into a contract providing for the acquisition, construction and financing of improvements to the Wyoming Water Supply System. The full faith and credit of Zeeland Charter Township have been pledged in the contract for making payments to Ottawa County, the issuer of the bonds, in amounts equal to 2.26% of the principal amount of the bonds actually issued and the interest thereon. The total principal amount of the bonds issued by Ottawa County was \$10,035,000.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 11 – RESTATEMENT OF RETAINED EARNINGS/FUND BALANCE

Restatements

As of and for the year ended December 31, 2004 the Township implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- | | |
|--------|--|
| No. 33 | Accounting and Financial Reporting for Nonexchange Transactions |
| No. 34 | Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments |
| No. 36 | Recipient Reporting for Certain Shared Nonexchange Revenues – An Amendment of GASB No. 33 |
| No. 37 | Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus |
| No. 38 | Certain Financial Statement Note Disclosures |
| No. 41 | Budgetary Comparison Schedules – Perspective Differences |

Interpretation

- | | |
|-------|---|
| No. 6 | Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements |
|-------|---|

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The Township is required to implement the new requirements no later than the fiscal year ending December 31, 2004.

The more significant of the changes required by the new standards include:

- Management’s discussion and analysis;
- Basic financial statements that include:
- Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
- Fund financial statements, consisting of a series of statements that focus on a government’s major governmental funds and enterprise funds;
- Schedules to reconcile the fund financial statements to the government-wide financial statements;
- Budgetary schedules;
- Notes to the basic financial statements;
- Required supplementary information, including certain budgetary schedules.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 11 – RESTATEMENT OF RETAINED EARNINGS/FUND BALANCE (CONTINUED)

Primary Government

As a result of implementing these pronouncements for the fiscal year ended December 31, 2004, the following restatements were made to beginning net asset accounts:

Government-wide financial statements – Beginning net assets for governmental activities was determined as follows:

Fund balances of governmental funds as of December 31, 2003	\$ 6,022,009
Add: governmental capital assets, including general fixed assets as of December 31, 2003	2,979,450
Deduct: accumulated depreciation as of December 31, 2003 on above governmental capital assets	(701,874)
Deduct: long-term debt as of December 31, 2003	(6,870,000)
Add: other changes in accruals	<u>760,870</u>
Governmental activities net assets, restated, as of December 31, 2003	<u>\$ 2,190,455</u>

NOTE 12 – BUILDING DEPARTMENT

Revenues	
Inspection fees	<u>\$ 184,777</u>
Expenditures	
Salaries	\$ 127,738
Fringe benefits	17,354
Office expenses	<u>21,594</u>
Total expenditures	<u>\$ 166,686</u>
Excess of revenues over expenditures	\$ 18,091
Cumulative excess (deficiency) of revenues over (under) expenditures December 31, 2003	<u>(5,498)</u>
Cumulative excess (deficiency) of revenues over (under) expenditures December 31, 2004	<u>\$ 12,593</u>

REQUIRED SUPPLEMENTAL INFORMATION

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
REVENUES		
TAXES		
Current property taxes	\$ 842,180	\$ 842,180
Trailer park	<u>5,000</u>	<u>5,000</u>
TOTAL TAXES	<u>\$ 847,180</u>	<u>\$ 847,180</u>
LICENSES AND PERMITS		
Building permits	\$ 40,000	\$ 60,590
Mechanical permits	22,000	22,000
Plumbing permits	17,000	17,000
Electrical permits	28,000	28,000
Impact fees	200,000	240,000
Franchise fees	23,000	28,085
Other	<u>10,410</u>	<u>10,410</u>
TOTAL LICENSES AND PERMITS	<u>\$ 340,410</u>	<u>\$ 406,085</u>
INTERGOVERNMENTAL REVENUE		
State shared revenue	<u>\$ 540,000</u>	<u>\$ 487,550</u>
CHARGES FOR SERVICES		
Administrative fees	\$ 9,315	\$ 9,315
Sale of cemetery lots	1,500	1,500
Traffic code	4,000	4,000
Rental of township property	<u>2,000</u>	<u>2,000</u>
TOTAL CHARGES FOR SERVICES	<u>\$ 16,815</u>	<u>\$ 16,815</u>
GRANT REVENUE	<u>\$ -</u>	<u>\$ 50,000</u>
INVESTMENT INCOME	<u>\$ 50,000</u>	<u>\$ 32,000</u>
MISCELLANEOUS	<u>\$ 5,200</u>	<u>\$ 9,150</u>
TOTAL REVENUES	<u>\$ 1,799,605</u>	<u>\$ 1,848,780</u>

<u>Actual</u>	Variance Under (Over)
\$ 848,468	\$ 6,288
<u>4,996</u>	<u>(4)</u>
<u>\$ 853,464</u>	<u>\$ 6,284</u>
\$ 88,868	\$ 28,278
31,852	9,852
18,230	1,230
45,827	17,827
235,073	(4,927)
77,690	49,605
<u>10,717</u>	<u>307</u>
<u>\$ 508,257</u>	<u>\$ 102,172</u>
<u>\$ 541,946</u>	<u>\$ 54,396</u>
\$ 10,761	\$ 1,446
1,220	(280)
8,922	4,922
<u>1,880</u>	<u>(120)</u>
<u>\$ 22,783</u>	<u>\$ 5,968</u>
<u>\$ 12,452</u>	<u>\$ (37,548)</u>
<u>\$ 44,402</u>	<u>\$ 12,402</u>
<u>\$ 5,414</u>	<u>\$ (3,736)</u>
<u>\$ 1,988,718</u>	<u>\$ 139,938</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
EXPENDITURES		
LEGISLATIVE		
Township Board		
Salaries of trustees	\$ 12,730	\$ 12,730
Social security	973	973
Membership and dues	26,000	21,517
Transportation and meals	200	200
Printing and publishing	-	-
Newsletter	2,800	2,800
Community services	33,880	25,880
Miscellaneous	<u>17,700</u>	<u>17,700</u>
Total Township Board	<u>\$ 94,283</u>	<u>\$ 81,800</u>
Elections		
Salaries	\$ 12,000	\$ 7,000
Social security	903	-
Supplies	800	800
Transportation and meals	400	400
Printing and publishing	800	800
Miscellaneous	<u>350</u>	<u>200</u>
Total Elections	<u>\$ 15,253</u>	<u>\$ 9,200</u>
TOTAL LEGISLATIVE	<u>\$ 109,536</u>	<u>\$ 91,000</u>
GENERAL GOVERNMENT		
Supervisor		
Salaries	44,321	44,321
Social security	3,333	3,333
Transportation and meals	1,200	1,200
Insurance	13,200	9,800
Retirement	<u>1,000</u>	<u>1,000</u>
Total Supervisor	<u>\$ 63,054</u>	<u>\$ 59,654</u>

<u>Actual</u>	<u>Variance Under (Over)</u>
\$ 9,765	\$ 2,965
747	226
17,626	3,891
161	39
8,748	(8,748)
4,555	(1,755)
23,239	2,641
<u>17,625</u>	<u>75</u>
<u>\$ 82,466</u>	<u>\$ (666)</u>
\$ 6,650	\$ 350
-	-
177	623
690	(290)
1,254	(454)
<u>150</u>	<u>50</u>
<u>\$ 8,921</u>	<u>\$ 279</u>
<u>\$ 91,387</u>	<u>\$ (387)</u>
\$ 44,321	\$ -
3,390	(57)
899	301
9,778	22
<u>1,000</u>	<u>-</u>
<u>\$ 59,388</u>	<u>\$ 266</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
EXPENDITURES (CONTINUED)		
GENERAL GOVERNMENT (CONTINUED)		
Assessor		
Salaries	\$ 25,403	\$ 25,403
Social security	1,911	1,911
Supplies	<u>16,800</u>	<u>8,866</u>
Total Assessor	<u>\$ 44,114</u>	<u>\$ 36,180</u>
Professional Services		
Attorney fees	\$ 41,000	\$ 43,000
Auditing and accounting fees	<u>17,000</u>	<u>17,000</u>
Total Professional Services	<u>\$ 58,000</u>	<u>\$ 60,000</u>
Insurance	<u>\$ 21,600</u>	<u>\$ 34,068</u>
Contingencies	<u>\$ 50,000</u>	<u>\$ 241,214</u>
Clerk		
Salaries	\$ 22,660	\$ 22,660
Meetings	1,700	900
Social security	1,704	1,704
Supplies	1,000	200
Contracted services	2,200	1,936
Transportation and meals	<u>100</u>	<u>100</u>
Total Clerk	<u>\$ 29,364</u>	<u>\$ 27,500</u>
Board of Review		
Salaries	\$ 750	\$ 750
Social security	57	57
Transportation and meals	<u>150</u>	<u>150</u>
Total Board of Review	<u>\$ 957</u>	<u>\$ 957</u>

<u>Actual</u>	Variance Under (Over)
\$ 25,403	\$ -
1,943	(32)
<u>8,890</u>	<u>(24)</u>
<u>\$ 36,236</u>	<u>\$ (56)</u>
\$ 35,351	\$ 7,649
<u>16,815</u>	<u>185</u>
<u>\$ 52,166</u>	<u>\$ 7,834</u>
\$ 14,731	\$ 19,337
<u>\$ -</u>	<u>\$ 241,214</u>
\$ 22,660	\$ -
882	18
1,734	(30)
58	142
1,950	(14)
<u>134</u>	<u>(34)</u>
<u>\$ 27,418</u>	<u>\$ 82</u>
\$ 440	\$ 310
34	23
<u>85</u>	<u>65</u>
<u>\$ 559</u>	<u>\$ 398</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
EXPENDITURES (CONTINUED)		
GENERAL GOVERNMENT (CONTINUED)		
General Office		
Salaries	\$ 30,700	\$ 30,700
Social security	2,308	2,308
Supplies	12,000	12,000
Postage	4,000	4,000
Printing and publishing	9,000	2,692
Repairs and maintenance	2,500	2,500
Miscellaneous	<u>3,000</u>	<u>3,000</u>
Total General Office	<u>\$ 63,508</u>	<u>\$ 57,200</u>
Treasurer		
Salaries	\$ 20,034	\$ 20,034
Meetings	4,500	3,600
Social security	1,507	1,507
Contracted services	10,000	9,250
Supplies	300	300
Transportation and meals	<u>400</u>	<u>260</u>
Total Treasurer	<u>\$ 36,741</u>	<u>\$ 34,951</u>
Township Hall and Grounds		
Salaries	\$ 7,400	\$ 6,750
Social security	550	550
Supplies	2,500	1,200
Utilities	18,000	17,300
Repairs and maintenance	<u>17,600</u>	<u>11,400</u>
Total Township Hall and Grounds	<u>\$ 46,050</u>	<u>\$ 37,200</u>

<u>Actual</u>	Variance Under (Over)
\$ 34,423	\$ (3,723)
2,633	(325)
13,503	(1,503)
4,325	(325)
-	2,692
1,119	1,381
<u>1,496</u>	<u>1,504</u>
<u>\$ 57,499</u>	<u>\$ (299)</u>
\$ 20,034	\$ -
3,591	9
1,807	(300)
7,836	1,414
-	300
<u>225</u>	<u>35</u>
<u>\$ 33,493</u>	<u>\$ 1,458</u>
\$ 6,078	\$ 672
465	85
1,186	14
18,907	(1,607)
<u>11,022</u>	<u>378</u>
<u>\$ 37,658</u>	<u>\$ (458)</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
EXPENDITURES (CONTINUED)		
GENERAL GOVERNMENT (CONTINUED)		
Cemetery		
Supplies	\$ 2,000	\$ 2,000
Repairs and maintenance	7,800	9,800
Property acquisition	<u>50,000</u>	<u>-</u>
Total Cemetery	<u>\$ 59,800</u>	<u>\$ 11,800</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 473,188</u>	<u>\$ 600,724</u>
PUBLIC SAFETY		
Police Protection		
Road patrol	<u>\$ 112,871</u>	<u>\$ 112,871</u>
Fire Protection		
Wages	\$ 1,800	\$ 1,800
Social security	136	136
Hydrant rental	23,000	24,074
Equipment reserve	<u>29,000</u>	<u>29,000</u>
Total Fire Protection	<u>\$ 53,936</u>	<u>\$ 55,010</u>
Building and Administration		
Salaries	\$ 20,000	\$ 50,000
Social security	1,504	3,390
Insurance	-	8,000
Supplies	500	500
Transportation and meals	<u>1,000</u>	<u>1,000</u>
Total Building and Administration	<u>\$ 23,004</u>	<u>\$ 62,890</u>

<u>Actual</u>	Variance Under (Over)
\$ 61	\$ 1,939
8,673	1,127
<u>-</u>	<u>-</u>
<u>\$ 8,734</u>	<u>\$ 3,066</u>
<u>\$ 327,882</u>	<u>\$ 272,842</u>
 <u>\$ 113,202</u>	 <u>\$ (331)</u>
\$ 602	\$ 1,198
44	92
25,727	(1,653)
<u>29,000</u>	<u>-</u>
<u>\$ 55,373</u>	<u>\$ (363)</u>
 \$ 43,870	 \$ 6,130
3,356	34
7,582	418
491	9
<u>1,515</u>	<u>(515)</u>
<u>\$ 56,814</u>	<u>\$ 6,076</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
EXPENDITURES (CONTINUED)		
PUBLIC SAFETY (CONTINUED)		
Inspections		
Building inspection salaries	\$ 35,000	\$ 5,000
Electrical inspection salaries	30,000	35,000
Mechanical inspection salaries	17,000	23,500
Plumbing inspection salaries	15,000	19,000
Social security	<u>6,918</u>	<u>6,570</u>
Total Inspections	<u>\$ 103,918</u>	<u>\$ 89,070</u>
Planning Commission		
Salaries	\$ 5,500	\$ 5,500
Social security	416	416
Supplies	200	200
Contracted services	20,000	26,000
Transportation and meals	<u>200</u>	<u>200</u>
Total Planning Commission	<u>\$ 26,316</u>	<u>\$ 32,316</u>
Zoning Board of Appeals		
Salaries	\$ 2,900	\$ 1,350
Social security	<u>218</u>	<u>150</u>
Total Zoning Board of Appeals	<u>\$ 3,118</u>	<u>\$ 1,500</u>
TOTAL PUBLIC SAFETY	<u>\$ 323,163</u>	<u>\$ 353,657</u>
PUBLIC WORKS		
Drains at Large	<u>\$ 25,000</u>	<u>\$ 12,000</u>
Highways and Streets		
Salaries	\$ 200	\$ 200
Social security	<u>15</u>	<u>15</u>
Total Highways and Streets	<u>\$ 215</u>	<u>\$ 215</u>

<u>Actual</u>	Variance Under (Over)
\$ 4,810	\$ 190
34,085	915
23,171	329
19,049	(49)
<u>6,205</u>	<u>365</u>
<u>\$ 87,320</u>	<u>\$ 1,750</u>
\$ 4,870	\$ 630
373	43
-	200
33,391	(7,391)
<u>-</u>	<u>200</u>
<u>\$ 38,634</u>	<u>\$ (6,318)</u>
\$ 1,341	\$ 9
<u>103</u>	<u>47</u>
<u>\$ 1,444</u>	<u>\$ 56</u>
<u>\$ 352,787</u>	<u>\$ 870</u>
<u>\$ 9,826</u>	<u>\$ 2,174</u>
\$ 80	\$ 120
<u>6</u>	<u>9</u>
<u>\$ 86</u>	<u>\$ 129</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
EXPENDITURES (CONTINUED)		
PUBLIC WORKS (CONTINUED)		
Street Lighting		
Utilities	\$ 21,600	\$ 21,600
Water and Sewer Engineering	\$ 68,000	\$ 74,872
Bike Paths	\$ 6,665	\$ 6,665
Black Creek Watershed	\$ 7,300	\$ 2,000
TOTAL PUBLIC WORKS	\$ 128,780	\$ 117,352
PARKS AND RECREATION		
Parks and Recreation	\$ 5,000	\$ 5,000
Library	40,000	40,000
TOTAL PARKS AND RECREATION	\$ 45,000	\$ 45,000
CAPITAL OUTLAY		
General Government		
Township hall and grounds	\$ 48,400	\$ 45,800
Cemetery	1,000	1,000
Public Safety		
Fire protection	100,000	100,000
Public Works		
Bike paths	128,335	128,335
Parks and Recreation	93,375	17,084
TOTAL CAPITAL OUTLAY	\$ 371,110	\$ 292,219
TOTAL EXPENDITURES	\$ 1,450,777	\$ 1,499,952
EXCESS OF REVENUES OVER EXPENDITURES	\$ 348,828	\$ 348,828

<u>Actual</u>	Variance Under (Over)
\$ 22,398	\$ (798)
\$ 90,797	\$ (15,925)
\$ 6,665	\$ -
\$ 1,587	\$ 413
\$ 131,359	\$ (14,007)
\$ 5,000	\$ -
40,000	-
\$ 45,000	\$ -
\$ 45,782	\$ 18
-	1,000
45,000	55,000
100,193	28,142
25,633	(8,549)
\$ 216,608	\$ 75,611
\$ 1,165,023	\$ 334,929
\$ 823,695	\$ 474,867

ZEELAND CHARTER TOWNSHIP
 OTTAWA COUNTY, MICHIGAN
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (CONTINUED)
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final Amended <u>Budget</u>
OTHER FINANCING USES		
Transfers out	\$ (348,828)	\$ (348,828)
TOTAL OTHER FINANCING USES	\$ (348,828)	\$ (348,828)
NET CHANGE IN FUND BALANCE	\$ -	\$ -
FUND BALANCE - JANUARY 1, 2004	<u>2,139,088</u>	<u>2,139,088</u>
FUND BALANCE - DECEMBER 31, 2004	<u>\$ 2,139,088</u>	<u>\$ 2,139,088</u>

<u>Actual</u>	Variance Under (Over)
\$ (348,000)	\$ 828
\$ (348,000)	\$ 828
\$ 475,695	\$ 475,695
<u>2,139,088</u>	<u>-</u>
<u>\$ 2,614,783</u>	<u>\$ 475,695</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FIRE FUND
YEAR ENDED DECEMBER 31, 2004

	Original <u>Budget</u>	Final <u>Amended Budget</u>
REVENUES		
Taxes	\$ 371,223	\$ 371,223
Charges for services	1,000	1,000
Interest	5,000	5,000
Miscellaneous	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 377,223</u>	<u>\$ 377,223</u>
EXPENDITURES		
Public Safety		
Salaries	\$ 170,100	\$ 170,100
Social security and benefits	600	600
Training and physicals	8,500	8,500
Supplies	32,000	32,000
Dues and subscriptions	900	900
Printing and publishing	500	500
Insurance	15,500	15,500
Contingencies	4,623	4,623
Utilities	9,000	9,000
Repairs and maintenance	58,000	58,000
Miscellaneous	<u>7,500</u>	<u>7,500</u>
Total Public Safety	<u>\$ 307,223</u>	<u>\$ 307,223</u>
Capital outlay	<u>\$ 70,000</u>	<u>\$ 70,000</u>
TOTAL EXPENDITURES	<u>\$ 377,223</u>	<u>\$ 377,223</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -
FUND BALANCE - JANUARY 1, 2004	<u>378,109</u>	<u>378,109</u>
FUND BALANCE - DECEMBER 31, 2004	<u>\$ 378,109</u>	<u>\$ 378,109</u>

<u>Actual</u>	<u>Variance Under (Over)</u>
\$ 367,623	\$ (3,600)
-	(1,000)
1,560	(3,440)
<u>36,080</u>	<u>36,080</u>
<u>\$ 405,263</u>	<u>\$ 28,040</u>
\$ 129,886	\$ 40,214
9,936	(9,336)
1,995	6,505
30,694	1,306
534	366
129	371
3,599	11,901
-	4,623
9,228	(228)
49,513	8,487
<u>3,487</u>	<u>4,013</u>
<u>\$ 239,001</u>	<u>\$ 68,222</u>
<u>\$ 449,879</u>	<u>\$ (379,879)</u>
<u>\$ 688,880</u>	<u>\$ (311,657)</u>
<u>\$ (283,617)</u>	<u>\$ (283,617)</u>
\$ (283,617)	\$ (283,617)
<u>378,109</u>	<u>-</u>
<u>\$ 94,492</u>	<u>\$ (283,617)</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ROAD FUND
YEAR ENDED DECEMBER 31, 2004

	Original Budget	Final Amended Budget
REVENUES		
Taxes	\$ 479,349	\$ 479,349
Charges for services	-	-
Investment income	<u>10,000</u>	<u>10,000</u>
TOTAL REVENUES	<u>\$ 489,349</u>	<u>\$ 489,349</u>
EXPENDITURES		
Public Works		
Dust control	\$ 31,200	\$ 31,200
Road improvements	578,149	578,149
Miscellaneous	<u>30,000</u>	<u>30,000</u>
TOTAL EXPENDITURES	<u>\$ 639,349</u>	<u>\$ 639,349</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>
OTHER FINANCING SOURCE		
Transfers in	<u>\$ 150,000</u>	<u>\$ 150,000</u>
TOTAL OTHER FINANCING SOURCES	<u>\$ 150,000</u>	<u>\$ 150,000</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -
FUND BALANCE - JANUARY 1, 2004	<u>153,051</u>	<u>153,051</u>
FUND BALANCE - DECEMBER 31, 2004	<u>\$ 153,051</u>	<u>\$ 153,051</u>

<u>Actual</u>	Variance Under (Over)
\$ 488,119	\$ 8,770
2,217	2,217
<u>5,304</u>	<u>(4,696)</u>
<u>\$ 495,640</u>	<u>\$ 6,291</u>
\$ 23,850	\$ 7,350
641,965	(63,816)
<u>35</u>	<u>29,965</u>
<u>\$ 665,850</u>	<u>\$ (26,501)</u>
<u>\$ (170,210)</u>	<u>\$ (20,210)</u>
<u>\$ 150,000</u>	<u>\$ -</u>
<u>\$ 150,000</u>	<u>\$ -</u>
\$ (20,210)	\$ (20,210)
<u>153,051</u>	<u>-</u>
<u>\$ 132,841</u>	<u>\$ (20,210)</u>

ADDITIONAL INFORMATION

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>Debt Service Funds</u>		
	Adams Street Sewer <u>Bond</u>	Water Ottogan <u>Bond</u>	D/V Water <u>Bond</u>
ASSETS			
Cash and investments			
Unreserved	\$ -	\$ 2,640	\$ 22,470
Assessments receivable	15,750	17,988	127,612
Interest receivable	-	-	-
Due from other funds	<u>154,139</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 169,889</u>	<u>\$ 20,628</u>	<u>\$ 150,082</u>
LIABILITIES			
Bank overdraft	\$ 46,211	\$ -	\$ -
Accounts payable	2,125	-	-
Deferred revenue	15,750	17,988	127,612
Due to other governmental entities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 64,086</u>	<u>\$ 17,988</u>	<u>\$ 127,612</u>
FUND BALANCES			
Unreserved	<u>\$ 105,803</u>	<u>\$ 2,640</u>	<u>\$ 22,470</u>
TOTAL FUND BALANCES	<u>\$ 105,803</u>	<u>\$ 2,640</u>	<u>\$ 22,470</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 169,889</u>	<u>\$ 20,628</u>	<u>\$ 150,082</u>

<u>Capital Projects</u> Water Capital Improvements	Total Non-Major Governmental Funds
\$ 333,770	\$ 358,880
112,635	273,985
881	881
<u>213</u>	<u>154,352</u>
<u>\$ 447,499</u>	<u>\$ 788,098</u>
\$ -	\$ 46,211
7,920	10,045
112,635	273,985
<u>6,391</u>	<u>6,391</u>
<u>\$ 126,946</u>	<u>\$ 336,632</u>
<u>\$ 320,553</u>	<u>\$ 451,466</u>
<u>\$ 320,553</u>	<u>\$ 451,466</u>
<u>\$ 447,499</u>	<u>\$ 788,098</u>

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Debt Service Funds</u>		
	Adams Street Sewer <u>Bond</u>	Water Ottogan <u>Bond</u>	D/V Water <u>Bond</u>
REVENUES			
Taxes and special assessments	\$ 313,565	\$ 25,737	\$ 73,354
Charges for services	-	-	-
Investment income	490	3,265	9,865
Other revenue	<u>2,000</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 316,055</u>	<u>\$ 29,002</u>	<u>\$ 83,219</u>
EXPENDITURES			
Public works	\$ -	\$ -	\$ -
Debt service			
Principal retirement	240,000	40,000	110,000
Interest and other charges	40,252	19,375	299,050
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 280,252</u>	<u>\$ 59,375</u>	<u>\$ 409,050</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 35,803</u>	<u>\$ (30,373)</u>	<u>\$ (325,831)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 70,000	\$ 24,000	\$ 304,525
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 70,000</u>	<u>\$ 24,000</u>	<u>\$ 304,525</u>
NET CHANGE IN FUND BALANCES	\$ 105,803	\$ (6,373)	\$ (21,306)
FUND BALANCES - JANUARY 1, 2004	<u>-</u>	<u>9,013</u>	<u>43,776</u>
FUND BALANCES - DECEMBER 31, 2004	<u>\$ 105,803</u>	<u>\$ 2,640</u>	<u>\$ 22,470</u>

<u>Capital Projects</u> Water Capital Improvements	Total Non-Major Governmental Funds
\$ 70,397	\$ 483,053
25,185	25,185
16,545	30,165
<u>2,100</u>	<u>4,100</u>
<u>\$ 114,227</u>	<u>\$ 542,503</u>
\$ 77,282	\$ 77,282
-	390,000
-	358,677
<u>38,335</u>	<u>38,335</u>
<u>\$ 115,617</u>	<u>\$ 864,294</u>
<u>\$ (1,390)</u>	<u>\$ (321,791)</u>
\$ -	\$ 398,525
<u>(200,525)</u>	<u>(200,525)</u>
<u>\$ (200,525)</u>	<u>\$ 198,000</u>
\$ (201,915)	\$ (123,791)
<u>522,468</u>	<u>575,257</u>
<u>\$ 320,553</u>	<u>\$ 451,466</u>

March 8, 2005

Township Board
Zeeland Charter Township
Ottawa County, Michigan

Board Members:

Thank you for the opportunity to be of service to you in performing an audit of the financial statements of Zeeland Charter Township for the year ended December 31, 2004.

In planning and performing our audit of the financial statements of Zeeland Charter Township, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention that relate to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Zeeland Charter Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

We also noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 8, 2005 on the financial statements of Zeeland Charter Township. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendation. Our comments are summarized as follows:

Reportable Conditions

Disbursement Process

Condition: The Township Clerk prepared checks, signed for the first signature, and signed the Township Treasurer's signature for the second signature requirement on a series of checks in the Fire Fund. The Township Clerk is also the only official that reviews bank statements, prepares the bank reconciliations, and controls the custody of the returned checks.

Criteria: Standards for internal control for local units of government lists control activities as one of the five components of internal control. Control activities occur at all levels and include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, and performance reviews. According to the standards of internal control, check signing (authorization) should be independent of the check preparation function. Also, an independent review of the bank reconciliations should be performed by a responsible official including the examination of returned cancelled checks for authorized signatures, irregularities and alterations.

Recommendation: We recommend that the Township Treasurer be available to sign on all funds where a dual signature is required in order to maintain the control over unauthorized cash disbursements. A person, other than the Township Clerk, should perform an independent review of the unopened bank statements, including an examination of the returned cancelled checks.

Other Comments and Recommendations

Lack of Administrative Approval for Disbursements

Condition: The Township Clerk reviews the invoices as they are received but does not indicate any administrative approval on the invoices.

Supporting Documentation of Disbursements

Condition: The second signatory is not reviewing supporting documents for the checks when presented for signature.

Special Assessment and Water and Sewer Trunkage Payments

Condition: The Township collects special assessments and water and sewer trunkage fees for neighboring municipalities. We noted during our audit that the Township does not formally track what is owed to these municipalities. It is the procedure of the Township to pay upon receipt of an invoice presented to the Township.

Criteria: According to the Uniform Accounting Procedures Manual, invoices should contain administrative approval as verification that the invoices have been properly reviewed and "appropriate documentation that has been reviewed by the proper personnel must be attached for all disbursements."

Recommendation: We recommend that the Township Clerk begin including administrative approval on all invoices as verification that the invoices have been reviewed and signed by the appropriate personnel. We also recommend that the supporting invoices accompany the checks when presented to the second signatory. The Township should ensure that every disbursement or revenues remitted to other municipalities be supported by an invoice or properly documented by the Board's approval. In the instances where only one signature is required by the Clerk or Treasurer, we recommend the Township implement control activities to monitor the preparation, approval and authorization of those disbursements.

Budget Amendments and Over Appropriations

Condition: The Township periodically amends the General Fund budget after over-expenditures have occurred.

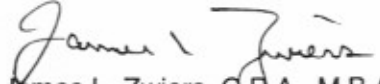
Criteria: The Uniform Budgeting and Accounting Act, P.A. 2 of 1968 as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's over appropriated expenditures are disclosed. It is required that the Township amend the budget prior to incurring the expenditure.

Recommendation: We recommend the Township Clerk and the Board review the line item budget prior to the approval of the invoices in order to avoid over appropriating. If expenditures will cause an over appropriation, a budget amendment can be proposed to the Board.

We believe that implementation of these recommendations will provide the Township with a stronger system of internal accounting control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation. This report is intended solely for the information and use of the Township Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

FERRIS, BUSSCHER & ZWIERS, P.C.


James L. Zwiers, C.F.A., M.B.A.

JLZ\kc